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EMERGING TRENDS OF THE ENTREPRENEURS - A REVIEW STUDY WITH SPECIAL REFERENCE TO INFORMAL FAST FOOD SEGMENTS

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Abstract

This present research is an attempt to understand the impacts of informal fast food sector in India, focusing on creating entrepreneurship opportunities for low/uneducated, unemployed and rural migrant workers who would otherwise contribute nothing much to the local economic development. As personally experienced while having lunch at one of the roadside fast food in pushcart and hearing the entrepreneur's story of how he engaged in this business, stimulated me to carry on the this work, and to showcase their impacts to the mainstream academia, which can further explore this sector deep. This exploratory study result shows that even though the majority of them in this sector is survivalists but yet reveals that they are engaged in this entrepreneurial activity with the motivation to be self-employed, also with the hope that this will increase their income and improve quality of life; while not being able to find jobs in formal sector. The growth-oriented entrepreneurs are able to create job opportunities for local as well as for urban migrant workers including women. This paper concludes that the informal fast food sector have been main sources of income for the entrepreneurs involved in the business and this sector have provided livelihood entrepreneurship opportunities for many in developing countries as well as contributing to local economic development. However, there are no proper definition informal fast food sectors, therefore this also suggest a typological definition which helps in collecting data and has relevant policy implications. In due course of the there were also many interesting findings have appeared, such as the challenges of these entrepreneurs, Gender distribution, sustainability issues, support system, motivational aspects, etc.

Keywords: Growth oriented expenditures, Job opportunities, Informal fast food segments and Competitive strategies

1. Introduction

This presents research explains the analysis of the findings to connect to the theories of informal entrepreneurship. It gives on overview of nature of enterprises and continuing the analysis. This chapter also focuses on reason to engage in the entrepreneurial activity, business function, period of operation, gender distribution, competition strategies adapted by the

entrepreneurs, last but not least also the challenges faced by these entrepreneurs. Based on these findings, we could inspect the reality and the impacts of the sector.

1.1. Nature of the Enterprises

In order to examine the impacts of informal fast food sector, it is important to have an synopsis about the nature of the enterprises.

1.2. Business Function

Business function/working hours in this sector various a lot, not all enterprises or entrepreneurs work all day long. Within the informal fast food sector we can see that

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entrepreneurs engaged in three types functioning based on time and number of times meals served. A) One time food served in a day, B) Two times in a day and finally and C) three times meal served.

1.3. Entrepreneurs engaged in serving one time meal

There are entrepreneurs who work only during the morning or afternoon or in the evening serving only serving one time meal every day. Their business is limited to few hours in a day; however they reasons mainly the preparation of the food, which takes time and they are also most of the time mobile street food vendors, they are not established or they do not have a premise from there they could serve to people and they always depend on the public pavements, mostly selling food on street in a pushcart. Among 34 interviewed entrepreneurs 8 entrepreneurs serve the food only once in a day and mostly only during the evening dinner and out of 8 street food vendors 1 is serving lunch. These entrepreneurs are called “*Street and Mobile*” food vendors as per the definition It is not surprising to know that out of 8 entrepreneurs, 6 entrepreneurs do not possess an operating licence from the municipality and they do not have any sustainable or competitive strategies and 2 enterprises are exceptional in this category having license for operation of their business as they are selling specialized traditional food with inclusion of Chinese food as on demand and they have been working in the business for more than 10 years and having fixed spot on the street.

1.4. Entrepreneurs engaged in serving two time meals

There is a second category of enterprises that function two times in a day such as either only breakfast and lunch or only lunch and dinner or breakfast and dinner. Out of 34 respondent entrepreneurs, 11 entrepreneurs functioning/serving meal two time in a day. Among these 11 enterprises, 3 are engaged in serving only breakfast and lunch (morning - afternoon) and rest of 8 are engaged in function of serving lunch and dinner (afternoon - night). Most of the enterprises in this category have semi-

structured building, even though they sell food by road side, they have a permanent rented/owned place, with few seating arrangements or standing tables; these entrepreneurs do not have a kitchen in the premise, just a four side wall and a table to keep the prepared meal and serve to the customers. However, there is only one entrepreneur run her business on the street in this category (two times). Therefore, we can categories these entrepreneurs under “*Semi-Established*” food vendor (Table - 1). It is mixed group, where 5 entrepreneurs do not have business operating licence and 6 entrepreneurs having licence to operate their businesses.

1.5. Entrepreneurs engaged in serving three time meals

The third category of enterprises are working the whole day, performing their business three times in a day selling breakfast, lunch and dinner. In total they are 15 enterprises, from different area within the research sight. These entrepreneurs function their business in an “*Established premises*” with kitchen attached where they can prepare the food at spot and sell to the customer. No wonder out of 15 enterprises 13 possess operating licence from local municipality and health department.

2. Literature reviews about informal food segments

Before understanding informal fast food sector, it is important to know what is meant by fast food. In general the foods which are ready to eat are considered as fast food. In en-trepreneurial perspective Gabriel (1988), defines fast food enterprises are companies that supply catering services on a fast turnover basis (Gabriel 1988). Fast food comprises list of menu such as hamburger, chicken, hot dogs, pizza, coffee, pastry and ice cream and etc. (Gabriel, 1988; Kwate, 2008). The increasing growth of fast food sector has different reason as Gabriel points to the main reason is social change, in simple term urbanization influenced by globalization and industrialization have increased women participation in workforce, weakening of housework, change in family structure, hectic



lifestyle and the children as consumers, different taste of food, advertising for consumer all influenced greatly for growth of fast food sector (Gabriel, 1988). Levitt (1972) proposed that the possibilities of the manufacturing mode of thinking and technological use in the sector have given the chance to growth of fast food sector (Levitt, 1972). In fact there are not much literature/researches on informal fast food sector; however there are researches on street food and mobile food vending as part of informal perspective. Generally researchers have referred informal fast food sector as street food vendors or mobile food vendor. Bhowmik (2005), in a review on street food vending in Asia says that 2.5% of

the urban population in India have involved in this occupation (Bhowmik, 2005).

The trend in informal fast food sector can be categorized into four different forms (Table - 2). Even though these categories of entrepreneur may have chosen the this business as a mean to survive without employment opportunities they have different working style, working hours, working place, motivation level as well as challenges faced and impact created in terms of income generation, job creation and improved quality of life.

Table – 1: Definition of informal/unorganized sector in Indian Context

Departments	Definitions and recommendations
International Conference of Labour Statisticians (ICLS)	Evolving different aspect of in-formalization in gradual conferences, ICLS says that: Informal sector is a group of production units as household enterprises unincorporated enterprises owned by households engaged in non-agricultural businesses
System of National Accounts (SNA)	Enterprises do not constitute separate legal entities independently of the household members who own them and a fixed capital is used in the production of good and services either for own use for market
National Commission for Enterprises in Unorganized Sector (NCEUC)	Differentiating the informal enterprises and informal employment, NCEUC says that the unorganized sector consists of all unincorporated private enterprises owned by individuals or households, engaged in the sale and production of a goods and services operated on a proprietary or partnership and with less than ten total workers
Delhi Group Expertise	Unorganized Sector consists or should consist: Unincorporated Enterprises, no complete set of accounts maintained, not specification of workers/should consider, enterprises less than 5 employees, differentiation between agriculture and non-agriculture should be made, as well as to include paid domestic services
National Sample Survey Office (NSSO)	Focusing on the Socio-Economic aspect, it captures two dimension of unorganized sector basically on The context of enterprises and Nature of employment thus try to organize a definition as non-agriculture activities, Manufacturing, services and trade areas are covered with branded as well as partnership owned enterprises which are unincorporated.
Ministry for Small Medium Enterprises (MSMEs)	Puts into simple terms as: those are unregistered enterprises come

Source: (National Statistical Commission: Govt of India 2012).



Building on the analytical framework we define informal fast food sector as an autonomous entrepreneurial activity carried out by an individual/ group of individuals aimed at producing a positive effect on income, in four different forms known as *street food vendors*, *mobile food vendors*, *semi-established food vendors* and *established food vendors* classified

into *survivalist* entrepreneurs and *growth-oriented* entrepreneurs and for which the terms of legislation and regulations applicable to the activities but not being met as well as monetary transaction not been declared to the state. Here, the street vendors and mobile food vendors share common entrepreneurial characteristics.

Table - 2: Different form of Informal Fast Food Sector

Form among informal fast food sector	General definition	General Characteristics
Street and Mobile food Vendors	Pre-cooked food at home been offered for sale to the public without having a permanent built-up structure/building from which to sell the food. Unlike the street vendors, the mobile food vendors constantly move from one place to another place to sell their food.	<ul style="list-style-type: none"> • Mean of survival • Easy entry • Low productivity • Low capital investment • Sell food once in a day • Seasonal • No sustainable or competitive strategies
Semi Established food Vendors	Entrepreneurs sell the Pre-cooked food (at home) from a permanent own/rented building without a kitchen and water connection, sometimes with few eating tables outside the building, where the customers have to stand and eat.	<ul style="list-style-type: none"> • To be self-employed with previous work experience • Carrying the as the traditional/ family occupation • Increase income level • Motivated to expand the business/sustainable strategies • Sell food twice or three times a day
Established food Vendors	An enterprise established with kitchen, water and electricity connection, food pre- and on site cooked, also with standing eating table arranged.	<ul style="list-style-type: none"> • Highly profit motive • Having a license • Capital intensive • Having a name for Enterprise • Motivated to expand the business/ sustainable strategies • Sell food three times a day • Attracting a wide range of customers



2.1. Different varieties of food sold in informal food segments

While the street and mobile food vendors sell few varieties (1 to 10) of food, the semi-established and established sell more than 10 varieties of food; some even sell more than 100 varieties of food. Street and mobile food vendors are limited to prepare few varieties of food due to practical as well as logistic constraints. The established enterprises seem to diversify the food, according to the demand. The established enterprises are much advanced in using skilled/experienced workers to cook varieties of food. Among 34 interviewed, 16 entrepreneurs are selling 1 to 10 varieties of food, within the 16, 8 entrepreneurs from semi established with specialized food and 18 entrepreneurs are selling more than 15 varieties of food.

2.2. Main Customers of informal fast food segments

The street and mobile food vendors' most often have local residents and daily wage workers. The semi and established food vendors are capable of attracting a wide range of customers including daily wage labourers to auto drivers, bar customers, students and employees from formal enterprises, and sometimes it is difficult to recognize the customers' background. Most of the time these semi and established enterprises are located near the college or university, middle of the happening places, markets and etc. as there is a growing trend in migration for further studies, employment, shopping and daily labour work in housing renovation and etc.

2.3. Reasons to be engaged in the business

There were number of reasons why entrepreneurs started their business; everyone started give multiple answer and based on that about 74% of them started the business as a means of survival as it was difficult to find a skilled job because of low/illiteracy, unemployed, poverty, had no other choice to survive and they started the business as a survival option. Among the 74%, some wanted to increase or generate income to live the normal life, pay for children education,

house rent and etc. And rest of the 50% involved with entrepreneurial activity to be self-employed with previous work experiences, personal interest and running the business as it was family/traditional business.

3. Competition Strategies

Competition strategies are directly linked to the entrepreneurs' motivation and passion about the business growth and sustainable strategies. Usually, the competition strategies are depend on the structures and nature (street and mobile food vendors, semi-established and established) of the enterprises, however in the field research it was interesting to observe that even some of the established and semi-established entrepreneurs having no competition strategies and on the other end street food vendors are specialized in their food.

i) No Competition Strategies/Regular Customers

It would not have been surprised if street and mobile food vendors saying that they do not have any competition strategies; but even established and semi-established entrepreneurs were saying that they have no competition strategies. Eighteen (5 street and mobile food vendors, 7 semi-established and 6 established) entrepreneurs were not having competition strategies, of these entrepreneurs the street and mobile food vendors don't even think of competition and the semi-established and established entrepreneurs strongly believe on their social network or customer relations.

ii) Specialized and Varieties of food;

iii) Quality and Tasty food;

iv) Good Service and Cleanliness;

v) Stable Price: are the strategies used by semi and established entrepreneurs.

4. Conclusion

Based on thesis features we can classify the enterprise into two broad categories. One is Survivalist, the street and mobile food vendors. Second is Growth-Oriented: Semi and established Enterprises. As discussed in the characteristics of



survivalists' enterprises/entrepreneurs are: poor entrepreneurs, unemployed, easy entry, copying, single owned/supported by unpaid family members; low productivity, low investments, no social security and etc. as means of survival are reflected with these street and mobile food vendors. However, it doesn't reflect much on the women participation, thus it is not the same case in the entire informal survival group; at least in informal fast food sector that women participation is high in the survival entrepreneurship.

- ✓ The growth-oriented entrepreneurs/enterprises represent characteristics of: profit oriented, specialized, expansion of existing business by reinvestment of profit, risk taking, innovative, competitive and sustainable plans, job creation and etc. are reflected in semi and established enterprises.
- ✓ To summaries there is table created to general understanding of the categories of enterprises/entrepreneurs within the informal fast food sector and classifying them into two broad categories of Survivalist and Growth-Oriented as above.

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